

Central Intelligence Agency



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DIRECTORATE OF INTELLIGENCE

11 June 1985

TUNISIA ON THE EVE OF PRESIDENT BOURGUIBA'S VISIT TO WASHINGTON

Summary

Tunisian President Bourguiba will be making his third official visit to the United States when he comes to Washington this month. Bourguiba sees his visit as highlighting the close ties Tunisia has had with the US since Tunisia gained its independence in 1956. Bourguiba is aware of US concern about his poor health and almost certainly will seek reassurances that Washington will protect Tunisia from domestic turmoil and external aggression once he passes from the scene. He also will be looking for additional military and economic assistance to help ease mounting economic and security pressures and as a measure of Washington's appreciation for Tunisia's consistent support for US policies over the years. [redacted]

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Bourguiba's visit comes at a time of unprecedented challenges to his rule. His government is viewed by a growing share of Tunisians as out of touch and insensitive to their concerns, particularly declining living standards, rampant corruption, and record unemployment. These problems will complicate the government's efforts to ensure a smooth succession process when Bourguiba dies. The longer he lives and fails to address Tunisia's economic problems the greater the possibility of widespread unrest and a radical regime coming to power. Any successor probably will be more reserved toward the United States, if only to establish an identity separate from Bourguiba. Short of a regime tied to Qadhafi, a

This memorandum was prepared by [redacted] the Maghreb Branch, Arab-Israeli Division, Office of Near Eastern and South Asian Analysis. Questions and comments should be directed to Chief, Arab-Israeli Division, at [redacted]

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post-Bourguiba government is likely to maintain Tunisia's currently pro-Western orientation.

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Importance to the US

Tunisia has a geostrategic and political importance disproportionate to its size, population, and resources. Tunisia flanks the 90-mile wide Strait of Sicily--a potential choke point for sea lines of communication in the central Mediterranean. Tunisia's ports, airfields, and other facilities could be useful in support of US and NATO military operations. The Bourguiba regime has been a spokesman for moderation and dialogue in international fora, seeking cooperative relationships between the Third World and the West.

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For the past several years, however, Tunisia has sought to reduce its public identification with the United States.

- Tunis has criticized US policy in the Middle East since the Israeli invasion of Lebanon as opposing Palestinian and Arab interests.
- Tunis believes that close ties with Washington has provoked Libyan aggressive intentions toward Tunisia.
- Bourguiba's secular, pro-Western policies have come under increasing opposition as Islamic fundamentalism has gained appeal among the disadvantaged and students.

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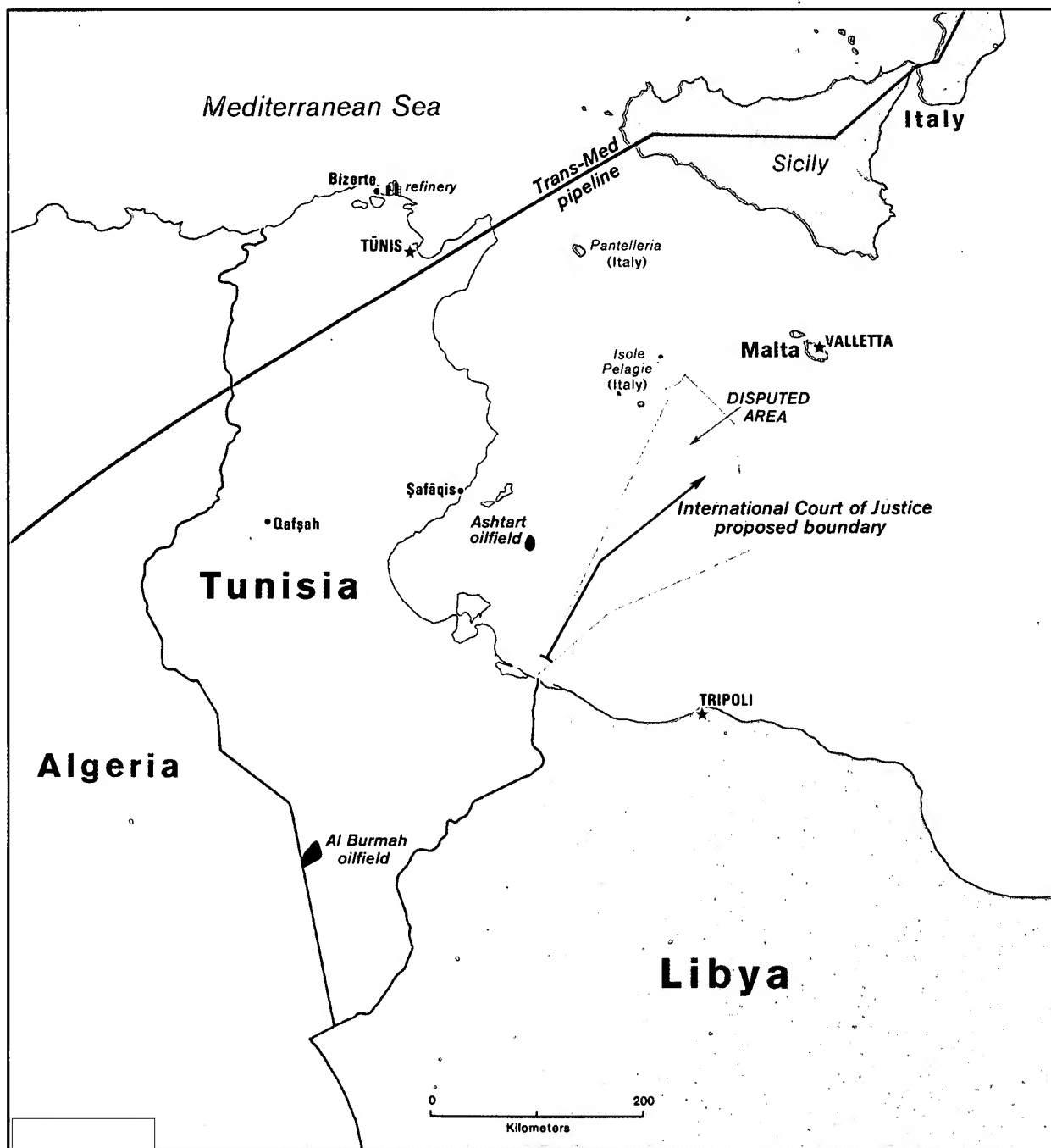
Nevertheless, Bourguiba and other Tunisian officials will emphasize their view of Washington as a friend for protection from external aggression. Bourguiba almost certainly will convey his appreciation for Washington's response to the Libyan-backed raid on Qafsah in 1980 and the subsequent security assistance program. At the same time, US officials probably will hear complaints from their Tunisian counterparts that Washington's assistance is not as comprehensive as Tunis would like. Tunisian officials accompanying Bourguiba are likely to point out that additional assistance is needed to build a security force that could cope with widespread internal Libyan supported destabilization.

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Social and Political Malaise

Bourguiba's visit to Washington comes at a time of unprecedented challenges to his rule. Riots in January 1984 and a rash of low-level strike activity earlier this year underscore the serious strains in Tunisian society caused by declining living standards, the widening gap in income distribution, and rising corruption. About one-third of the population is unemployed. The succession issue, exacerbated by fluctuations in Bourguiba's health and his refusal to relinquish power, preclude

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any systematic program of government reforms that could alleviate these pressures. [REDACTED]

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Bourguiba's leadership style rules out any significant changes in government policies as long as he is alive. He maintains a hold on power, despite waning mental and physical abilities. [REDACTED]

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[REDACTED] Bourguiba sets general policy directions and makes all major decisions. Bourguiba's style is paternalistic, highly personal, and autocratic. His swift and effective retaliation against those attempting independent action has dampened initiative and cowed his subordinates. Even Prime Minister Mzali, who runs the government's daily affairs, holds power at Bourguiba's sufferance. [REDACTED]

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Tunisia's problems go deeper than merely an aging President, however.

- The ruling Destourian Socialist Party (PSD)--founded by Bourguiba almost 50 years ago--has evolved from a genuine mass movement to an arm of the regime serving the interests of the elite and has lost credibility with the majority of the populace.
- The ruling elite has been distracted by power struggles as they jockey for position in the post-Bourguiba era, impeding their ability to implement reforms.
- Ostentatious displays of wealth contribute to popular perceptions of rampant corruption.
- Bourguiba, the symbol of Tunisian nationalism and the struggle for independence, is becoming increasingly irrelevant to the young, restive population and his presence is probably no longer sufficient to calm a crowd. [REDACTED]

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Tunisia also suffers from a growing economic disparity between the prosperous coastal cities and the impoverished interior. Coastal areas have benefited from the development of tourism, commerce and the oil industry, while the south and the west have suffered from the government's neglect of agriculture. Average income in the south is as much as 40 percent below that of the coastal cities. [REDACTED]

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This economic imbalance has prompted a migration to urban areas. Over half the population now lives in urban centers, compared to 36 percent in 1960. Being unskilled, rural migrants often remain unemployed or restricted to menial labor. Migrants were among the rioters in Tunis in January 1984, and the idle and disillusioned poor could again take to the streets. [REDACTED]

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Political and generational differences exacerbate regional economic disparities. Bourguiba's secular, pro-Western government

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is dominated by individuals from the Francophone coastal cities and has little popularity in the south, where French influence is weaker. Tunisian leaders usually draw their trusted advisers from their own regions and clans, contributing to regional differences, eroding the national identity, and leading to imbalances in development spending. About 70 percent of the population is under 26 and this group is hardest hit by unemployment. University graduates often cannot find employment they consider commensurate with their education, breeding frustration and cynicism. [REDACTED]

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The Economic Crunch

The economy began to slow in the late 1970s when Tunisia's main source of foreign exchange earnings--petroleum, tourism, phosphates, and worker remittances--languished as a result of the international recession. Real GDP growth has averaged 4.0 percent since 1979--two-thirds of the level of the previous five years--and is barely sufficient to absorb the 3.8 percent annual increase in the nation's labor force. Reduced demand for Tunisian labor in Europe and the wealthy Arab states has helped push unemployment to 20 percent in urban areas, according to official Tunisian estimates. We believe the actual level of unemployment is closer to 30 percent. [REDACTED]

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Stagnating foreign exchange earnings have seriously weakened Tunisia's international payments position. The current account deficit last year of \$1 billion was up 65 percent over the 1983 level because of the soft oil market, a poor harvest, and a sharp rise in domestic consumption. Tunis has reacted to steadily rising deficits with overseas loans, and now has an external debt of about \$4.6 billion--55 percent of GDP. Service payments consume about one-fourth of receipts from exports of goods and services. Foreign exchange reserves of \$225 million cover one month of imports. [REDACTED]

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Prime Minister Mzali pushed through a bare bones budget this year to break the steadily rising government deficit and stem foreign borrowing needs. He has publicized intentions to tighten the collection of taxes and tariffs, and reduce government food subsidies--reduced subsidies triggered the national riots in January 1984. Implementation of these measures, however, will greatly complicate government efforts to keep pace with organized labor. Labor agitation this spring has been subdued because of wage negotiations with the government. Union leadership may not be able to maintain the calm, however, if Tunis holds the line on wages and goes ahead with food price increases. [REDACTED]

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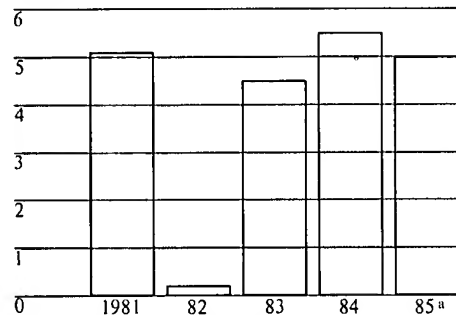
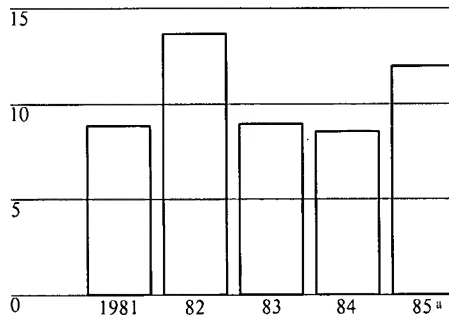
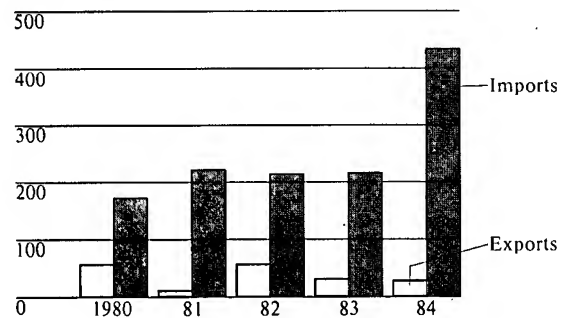
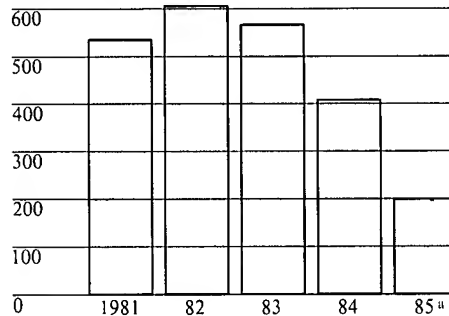
We believe that Tunisia's financial position will remain weak for the rest of the decade. Oil production will drop as a result of declining reservoir pressures and problems with secondary recovery technology in the Al Burmah and Ashtart oil fields. Exports will fall even more sharply because of projected increases in domestic consumption. Government efforts to boost

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Tunisia: Economic Indicators, 1980-85

GDP Growth
PercentConsumer Price Growth
PercentTrade With the United States
Million US \$Financial Exchange Reserves^b
Million US \$^a Projected.^b End of period, excluding gold.

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exports of Tunisian textiles and agricultural products will encounter problems with quotas in Western Europe. With aid prospects limited, additional international borrowing will be necessary to meet the expectations of the growing population and to finance military modernization and economic development goals. Of particular importance will be efforts to boost local food production without abruptly altering politically sensitive food subsidies and price controls. [REDACTED]

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Domestic Opposition

The legal opposition parties--the Socialist Democratic Movement (MDS) and one faction of the Movement of Popular Unity (MPU)--are primarily interested in broadening the political process and obtaining a role in decisionmaking. Bourguiba, however, has not offered the MDS--the more important of the opposition parties--any significant participation in the government. The MDS could serve in a post-Bourguiba period as the focus of a moderate, leftist-labor coalition to challenge the ruling PSD. Poor Tunisians, however, regard these legal opposition parties only as another face of the middle and upper classes. [REDACTED]

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Tunisia's Islamic fundamentalists, who have been gaining popularity and increasing anti-government activity since 1979, are worrisome for the Bourguiba government. The leaders of the principal Islamic opposition, the Islamic Tendency Movement (MTI), generally are reform minded, cautious and nonviolent and seek to satisfy a spectrum of Islamic philosophies. The MTI remains a small, essentially underground organization, whose strongest appeal has been among students at the University of Tunis. The MTI's activities in the January 1984 bread riots demonstrated, however, that a militant faction exists and is well placed to exploit discontent. Other opponents of the regime, such as another faction of the MPU, Ba'athists, Nasserists and several extreme leftist groups operate either clandestinely or among Tunisian workers in Western Europe, and have little following in Tunisia. [REDACTED]

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Growing Concern for External Threats

Tunisia's principal foreign policy concern is to protect itself from Libyan intervention in an unstable post-Bourguiba period. Tunisia is one of Qadhafi's prime targets, and the Libyan leader has been developing a dissident infrastructure intended for armed revolt upon Bourguiba's demise. Tripoli is the primary sponsor of the Revolutionary Movement for the Liberation of Tunisia. Its relations with Libya have waxed and waned depending on the closeness of Libyan-Tunisian relations. Libya also supports the overt but illegal Arab National Rally. Neither of these groups has many adherents, and their function will be largely one of exploiting rather than generating civil unrest. [REDACTED]

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Qadhafi has used various other means to create a climate conducive to instability in Tunisia. These include:

- the use of Libyan media, especially radio broadcasts, to incite unrest and spread disinformation in Tunisia;
- training of Tunisian dissidents in Libyan camps;
- posturing of Libyan armed forces along the border and overflights of Tunisia;
- threats to expel Tunisian workers--almost 70,000--that would add significantly to Tunisia's unemployment and economic problems;
- the use of Libyan diplomatic personnel to facilitate infiltration of Tunisian dissidents and Libyan support of anti-regime activities. [REDACTED]

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At this juncture, however, the Libyans are not well regarded in Tunisia except in the south--an area long neglected by Tunis. They also lack the services of a prominent Tunisian who could serve as a rallying point for a Libyan-influenced, post-Bourguiba regime. Nevertheless, we cannot rule out the possibility of a rogue assassin or the existence of elements in the Tunisian military with extensive Libyan connections. [REDACTED]

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Tunis has been improving its relations with Algeria primarily to dissuade potential Libyan aggression. Algerian President Bendjedid has assured Bourguiba that Algeria will intervene militarily if Libya invades Tunisia. Tunisians, however, harbor lingering suspicions that any Algerian intervention to repulse Libya would result in a long-term Algerian military presence in Tunisia. Nevertheless, Tunis will proceed on a cautious path toward closer military ties with Algiers, while waving the Algerian flag as a warning against any aggressive actions directed by Tripoli. [REDACTED]

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In addition to the US, Tunis looks to France as an important protector. In our view, Bourguiba's stopover in Paris on his way to Washington is clearly aimed at seeking a generous demonstration of France's commitment to Tunisia. In the event of a Libyan invasion, France, probably in cooperation with Algeria, might use armed force to repulse an attack. [REDACTED]

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The USSR's principal interest in Tunisia is to neutralize its Western orientation and to maintain and expand access to port facilities. Moscow almost certainly views the Bourguiba succession issue and other domestic problems as opportunities to advance Soviet political and military interests. Although there is no evidence of overt Soviet destabilization efforts, Moscow would clearly benefit from the damage to Western interests that might ensue from a radical change in Tunisia. Libyan subversive activities against Tunisia also serve Moscow's longer term

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interests. In anticipation of Bourguiba's passing from the scene, Moscow has been increasing contacts with Tunisian officials. [REDACTED]

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The Succession Issue

Bourguiba's succession has been the key political issue in Tunisia for years. Although Bourguiba--President for life--established in 1976* the legal means to ensure the accession of his designated successor, he has never wholeheartedly endorsed this process. Bourguiba has long hoped that his only son Habib, Jr., would replace him; however, the son has consistently disavowed any political ambitions. [REDACTED]

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Uncertainty about Bourguiba's successor has been fueled by years of backroom politicking and intrigue. [REDACTED]

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If the constitutional process operates, Prime Minister Mohamed Mzali is the strongest--but by no means the only--candidate as Bourguiba's replacement. [REDACTED]

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[REDACTED] Mzali is not well liked by most Tunisians. If Mzali fails to retain the Prime Ministry, either while Bourguiba is in power or after he dies, possible alternatives in the near term, include:

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- Mohamed Sayah, Minister of Public Works and Housing; a close friend and protege of Bourguiba, but Wassila's longstanding political opponent; strong authoritarian figure; popular in the ruling Destourian Socialist Party, especially among Mzali opponents.
- Hedi Baccouche, PSD Director; has had a turbulent political career as a result of conflicting loyalties to

* According to the constitution, the Prime Minister assumes the Presidency upon Bourguiba's incapacitation or death and holds the position for the duration of the five-year term of the National Assembly--the term of the current one ends in November 1985. Thereafter, a national election must be held; presidential candidates must be approved by a government commission. [REDACTED]

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Bourguiba and egalitarian socialism; has been making a political comeback since 1984.

- Beji Caid Essebsi, Minister of Foreign Affairs and a longtime rival of Mzali, highly regarded in government circles and enjoys the confidence and patronage of Wassila; has had an influential role in formulating Tunisian foreign policy; has campaigned aggressively for political and social reforms.

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Outlook

Tunisia's future is likely to be increasingly turbulent, given Bourguiba's inflexibility, the subservience of his officials, and the decline of the country's social and political institutions. At a minimum, the power Bourguiba has long monopolized will have to be shared more broadly by his successor. In addition, the government will adopt cosmetic political and economic measures to appear to be responsive to public grievances and avoid actions--such as increases in food prices--that might trigger major disturbances. In our view, this will allow pressures for change to continue to build.

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During a period of unrest, Islamic fundamentalists, in cooperation with other opposition groups, would almost certainly press for a major role in setting up a new civilian government. We believe a large percentage of the populace would support a return to conservative Islamic values, such as those that dictate the veiling of women and the absence of alcohol, but probably would not endorse a move to establish an Islamic state.

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A military-controlled government could emerge under certain conditions.

- Senior military officers might attempt to forge a national unity government, if a civilian government becomes paralyzed by political infighting and is incapable of addressing pressing socioeconomic problems.
- Faced with the need to restore order by using massive force against their countrymen, senior military officers might decide to take over the government on an interim basis.
- A coup by other elements of the military is always possible, particularly if Bourguiba's successor is seen as unwilling to address issues, such as declining benefits, slower promotions, and inadequate wages.

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Regardless of who succeeds Bourguiba, Tunisian-US relations probably will not be as close as they are now. One aspect of any attempt to establish an identity separate from Bourguiba would be a more nonaligned posture toward Washington. A civilian government or one dominated by senior military officers would

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likely base its relations on Washington's willingness to provide timely economic and military assistance, and will be more willing than Bourguiba to express unhappiness by criticizing US foreign policy initiatives. Such a government, however, probably would not move sharply away from Tunisian's currently pro-Western orientation. [REDACTED]

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Of greater potential danger to US interests would be a radical leftist regime. Libya almost certainly will try to dominate the leadership through offers of economic assistance combined possibly with military posturing along the Libya-Tunisia border. If such a regime perceived itself threatened by the United States and the West, it also might turn to the USSR for assistance. [REDACTED]

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Tunisia: Current Account Balance (Million US \$)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985a</u>
<u>Trade Balance</u>	-1078	-1070	-1292	-1182	-1550	-1180
Exports (f.o.b.)	1804	2110	1625	1574	1450	1390
Petroleum	1345	1308	910	835	770	730
Imports (f.o.b.)	2882	3180	2917	2756	3000	2570
Foodstuffs	390	428	357	425	395	300
Services (net)	620	563	560	531	486	450
of which:						
Receipts from tourism	640	598	575	553	540	490
Worker remittances	320	360	372	345	320	300
Interest on						
external debt	-184	-210	-204	-191	-205	-210
Private transfers (net)	15	18	41	17	15	20
<u>Current Account Balance</u>	-443	-489	-691	-634	-1049	-710

^aProjected

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